GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3449
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Debt Ridden Farmers
Kateel Shri Nalin Kumar;Lakhanpal Shri Raghav;Sigriwal Shri Janardan Singh;Suresh Shri Doddaalahalli Kempegowda

Will the Minister of FINANCE be pleased to state:

(a) whether the debt burden on farmers is higher than the average per capita income and if so, the details thereof along with the reasons for such high indebtedness of the farmers;

(b) whether any assessment has been made in regard to the debt burden on farmers and also the quantum of loan taken by the farmers from private money lenders and if so, the details thereof during each of the last three years and the current year, State-wise;

(c) whether the Government has any plan/package to bail out the indebted farmers and rescue them from the private money lenders; and

(d) if so, the details thereof along with the steps taken by the Government to wipe out the debt burden on the farmers?

Answer

The Minister of State in the Ministry of Finance

(a) & (b) The Per Capita Net National Income at Factor Cost at Current Prices, as per provisional estimates of Annual National Income 2013-14, is Rs. 74,380/-. National Sample Survey Organisation (NSSO) conducted Situation Assessment Survey (SAS) of Agricultural Households during NSS 70th round (January, 2013- December 2013) in the rural areas of the country for the reference period of the agricultural year July 2012- June 2013. Based on the results of the survey, estimated average amount of outstanding loan per agricultural household as on date of the survey was Rs. 47,000/-. The Survey estimated that at all-India level, 25.8 percent of the loans were sourced from 'agricultural/professional money lender'. State-wise details are given at Annexure.

(c) & (d) To reduce the debt burden of farmers and increase the availability of institutional credit to them, the Government has, inter alia, taken the following major steps :-
â€¢ As per Reserve Bank of India (RBI)'s extant guidelines on Priority Sector Lending (PSL), all Domestic Scheduled Commercial Banks have been mandated to earmark 18% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure (OBE), whichever is higher, as on the corresponding date of the previous year, for lending to Agriculture. Foreign banks with 20 branches and above have to achieve the Agriculture Target within a maximum period of five years starting from April 1, 2013 and ending on March 31, 2018.

â€¢ The Government has also been setting an annual target for the flow of credit to the agriculture sector, which is being consistently surpassed by banks.

â€¢ With a view to ease the burden of interest on farmers, the Government implements Interest Subvention Scheme so as to make short-term crop loans upto Rs.3 lakh for a period of one year available to farmers at the interest rate of 7% per annum and in case of timely repayment, the same gets reduced to 4%.

â€¢ In order to ensure that all eligible farmers are provided with hassle-free and timely credit for their agricultural operations, the Government has introduced the Kisan Credit Card Scheme, which enables them to purchase agricultural inputs such as seeds, fertilisers, pesticides, etc. and draw cash to satisfy their agricultural and consumption needs.

â€¢ The KCC Scheme has since been simplified which has the provision of ATM enabled debit card with, inter alia, facilities of one-time documentation and built-in cost escalation in the limit, etc.

â€¢ To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.

â€¢ Banks have been advised by RBI to waive margin/security requirements of agricultural loans upto Rs.1,00,000/-. Banks have also been advised by RBI to dispense with obtaining 'No Due Certificate' from the individual borrowers (including SHGs & JLGs) in rural and semi-urban areas for all types of loans including loans under Government Sponsored Schemes, irrespective of the amount involved.

â€¢ In order to provide relief to borrowers in times of natural calamities, the RBI and National Bank for Agriculture & Rural Development (NABARD) have issued standing guidelines for relief measures to be provided by respective lending institutions in areas affected by natural calamities which, inter alia, include identification of beneficiaries, restructuring of existing loans, extending

fresh loans, relaxed security and margin norms, etc.

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